principal case is correct in result, but not on the basis of agency. In contracts there is no offer until it enters the consciousness of the offeree, and the offer is that which reaches his consciousness, if he interprets reasonably and in good faith. Here the erroneous telegram reached the consciousness of the offeree, and was therefore the offer, he having no reason to doubt the correctness thereof.

CORPORATIONS—AUTHORITY TO GUARANTEE CONTRACT OF ANOTHER TO WHOM CORPORATION WAS SELLING GOODS IS IMPLIED.—A moving picture producing company contracted with D Company for costumes, also with P for lumber, to use in the production of a film. Upon P refusing further credit, D Company guaranteed payment of all bills P had or would have against the producing company. In a suit on the guaranty, *held*, contract of guaranty is within the implied powers of the company and is not *ultra vires*. *Wood's Lumber Co.* v. *Moore* (Cal., 1920), 191 Pac. 905.

A corporation has implied power to make all contracts which are essential to the successful prosecution of the business. *Bates* v. *Coronado B. Co.*, 109 Cal. 160; *Mercantile Trust Co.* v. *Kiser*, 91 Ga. 636. Or such contracts as are necessary and helpful to the conduct of its authorized business. *Timm* v. *Grand Rapids Br. Co.*, 160 Mich. 371; *Depot Realty Syndicate* v. *Enterprise Br. Co.*, 87 Ore. 560. Or which tend directly to promote the business authorized by its articles. *Kraft* v. *Brewing Co.*, 219 Ill. 205; *Horst* v. *Lewis*, 71 Neb. 365. If within the above principles, such a contract or guaranty or suretyship is not *ultra vires*. *Marbury* v. *Kentucky Union Land Co.*, 62 Fed. Rep. 335; *Wheeler* v. *Everett Land Co.*, 14 Wash. 630; *Winterfield* v. *Cream City Br. Co.*, 96 Wis. 239. For other cases see note, 27 L. R. A. (N. S.) 186. Whether a corporation's contract of guaranty is valid or *ultra vires* depends then on whether it directly furthers the authorized business or is too remotely in promotion of that business. In the following situations, as being a direct benefit, the guaranty was held valid: Loan and Trust Co. guaranteeing bonds of another corporation, upon sale thereof, *Broadway Natl. Bank* v. *Baker*, 176 Mass. 294; railroad company receiving bonds in payment of debt, sold them with guaranty, *Rogers Works* v. *Southern Ry. Assn.*, 34 Fed Rep. 278; sawmill company guaranteeing bonds of railroad company for construction of railroad to timber lands of sawmill company, *Mercantile Trust Co.* v. *Kiser*, 91 Ga. 636; land company, with authority to acquire right of way to mines, guaranteeing bonds of railroad running to mines in order to secure its construction, *Marbury* v. *Kentucky Union Land Co.*, 62 Fed. Rep. 335; banking company guaranteeing bonds of railroad in which it owns a controlling interest, *Central Railroad Co.* v. *Farmers' L. & T. Co.*, 114 Fed. Rep. 263; lumber company going surety on bond of contractor to whom it furnishes supplies, *Central Lumber Co.* v. *Kelter*, 201 Ill. 503; *Wheeler* v. *Everett Land Co.*, 14 Wash. 630; brewing company going surety on license bond of customer, *Horst* v. *Lewis*, 71 Neb. 365; *Timm* v. *Grand Rapids Br. Co.*, 160 Mich. 371; brewing company guaranteeing rent of customer, *Halloran* v. *Jacob Smidt Br. Co.*, 137 Minn. 141; *Depot Realty Syndicate* v. *Enterprise*

Br. Co., 87 Ore. 560; brewing company guaranteeing rent of hotel in which its beer was to be sold, *Winterfield* v. *Cream City Br. Co.*, 96 Wis. 239; *Holm* v. *Claus Lipsius Br. Co.*, 21 N. Y. App. Div. 204; brewing company guaranteeing purchase price of saloon in consideration of purchaser selling its beer, *Hagerstown Br. Co.* v. *Gates*, 117 Md. 348; a corporation going surety on the obligation of another in order to procure payment of a debt due it, *In re West of England Bank*, 14 Ch. Div. 317; *Hess* v. *W. & J. Sloane*, 66 N. Y. App. Div. 522; cattle company executing a guaranty to protect itself from probable loss of debt due to it, *N. Texas State Bank* v. *Crowley-Southerland Com. Co.* (Tex.), 145 S. W. 1027; same situation as in principal case. But the benefit was considered too remote for the guaranty to be within the implied powers of the corporation in the following situations: Bank guaranteeing paper of third party for which it received no benefit, *Bomen* v. *Needles Natl. Bank*, 94 Fed. Rep. 925; brewing company signing appeal bond for customer, *Best Br. Co.* v. *Klassen*, 185 Ill. 37; railroad guaranteeing dividends upon stock in steamship company which ran to and from terminal of railroad, *Colman* v. *Eastern Counties Railroad Co.*, 10 Beav. 1; upon stock in grain elevator company, *Memphis Grain & Elevator Co.* v. *Memphis Railroad Co.*, 85 Tenn. 703; upon stock in hotel company, *West Maryland R. Co.* v. *Blue Ridge Hotel Co.*, 102 Md. 307; land company guaranteeing dividends upon stock in investment company, *Greene* v. *Middleborough Town Co.*, 121 Ky. 335; railroad company guaranteeing payment of expenses of a large musical festival in the city where it does business, *Davis* v. *Old Colony R. Co.*, 131 Mass. 258. It appears that the courts are becoming more lenient, allowing guaranty contracts by a corporation. If the contract has been performed in good faith and the corporation has had the full benefit of performance, it should not be permitted to rely on *ultra vires* as a defense.

COVENANTS—TENANT HELD ENTITLED TO ENFORCE COVENANT IN LEASE BY ANOTHER TENANT.—A landlord leased certain parts of a building to one tenant, giving him the right to sell dry goods. He leased another part of the building to another tenant with the restriction that he should sell only women's gloves, corsets and hosiery. Upon a violation of the covenant by the second lessee, it was *held* that the first lessee was entitled to an injunction against him. (N. Y. 1920) *Staff* v. *Bemis Realty Co. et al.*, 183 N. Y. S. 886, 111 Misc. Rep. 635.

The point of interest in this case is that the court, passing by the question whether the recording of the plaintiff's lease was not constructive notice to the world of his peculiar rights and the resultant restriction upon others, held that the plaintiff's equity against the defendant was even stronger than if the defendant had had actual notice of the prior lease, because the defendant expressly covenanted to limit his use of the premises. A party's right to avail himself of an equitable servitude in his favor has its basis in the fact that he has a superior equity to that of the defendant, or else that the defendant has no equity at all. Upon principle, it would seem that the